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SUBJECT: CANADA AND JORDAN AGREE TO NEGOTIATE A FREE TRADE  
AGREEMENT

¶1. (U) Summary: Canada has announced it is launching negotiations with Jordan on a free trade agreement (FTA). Negotiations are to begin in April in Amman. If concluded, the agreement would be Canada's first FTA with an Arab country. Canada hopes the FTA would serve as a gateway to other Middle Eastern and North African markets. End Summary.

¶2. (U) On February 20, Trade Minister Emerson announced the launch of negotiations toward a free trade agreement between Canada and Jordan. The first round of negotiations is planned for Amman in April. The talks will cover a wide range of issues, including trade in goods, rules of origin, customs procedures, trade facilitation, monopolies and state enterprises, dispute settlement and institutional provisions. Canada will also seek to address labor- and environment-specific issues through the negotiation of parallel agreements in these fields.

¶3. (U) DFAIT believes that Jordan's expanding economy provides opportunities for Canadian exporters in manufacturing, agriculture and food, and forest products. An agreement would also better position Canadian business vis-a-vis competitors, such as the U.S. and the EU, which already have FTAs with Jordan. An FTA would build on the bilateral Air Services Agreement announced in July 2007 as well as the Foreign Investment Promotion and Protection Agreement (FIPA) negotiations which concluded in June 2007.

¶4. (U) The upcoming FTA talks had their genesis during Prime Minister Harper's July 2007 visit to Jordan when he and King Abdullah announced that both governments would begin studying the feasibility of negotiating an FTA. During the fall the Canadian government conducted a domestic consultation process, which indicated support for the FTA. Canadian and Jordanian officials then had exploratory discussions in November.

¶5. (U) Canadian-Jordan trade flows are modest. In 2007, Canada exported C\$60.4 million in goods to Jordan, mostly forest products, agriculture and agri-food products, and machinery. Imports from Jordan were even less - C\$16 million last year, comprised mainly of apparel and agricultural products.

¶6. (U) Canada has FTAs in force with the U.S. and Mexico (NAFTA), and with Chile, Israel, and Costa Rica. In 1999 it also concluded a "Framework for Economic Development" with the Palestine Liberation Organization on behalf of the Palestinian Authority. Several years ago, however, Canada lost interest in FTAs, concentrating instead on multilateral trade discussions, such as Doha. However, in 2006, after Doha's prospects faded and seeing its major trading partners, including the U.S. and EU, negotiate many FTAs, Canada

decided to re-energize its FTA efforts. It recently concluded FTA negotiations with Peru and signed an agreement last month with the European Free Trade Association countries of Iceland, Liechtenstein, Norway, and Switzerland (after more than a decade's effort). Besides Jordan, Canada has ongoing FTA negotiations with Colombia, South Korea, the Caribbean Community, the Dominican Republic, Singapore, and four Central American countries.

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